THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

FEB 13 2002

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT, & ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)

SUBJECT: Performance Based Logistics

In September 2001, the Quadrennial Defense Review (QDR) mandated implementation of performance-based logistics (PBL) and modern business systems with appropriate metrics to compress the supply chain, eliminate non-value-added steps, and improve readiness for major weapons systems and commodities. PBL delineates outcome performance goals of weapon systems, ensures that responsibilities are assigned, provides incentives for attaining these goals and facilitates the overall life cycle management of system reliability, supportability, and total ownership costs.

DoD 5000.2-R requires the Program Manager, in coordination with Military Service logistics commands, to include planning for full life-cycle product support management as part of the support strategy documented in the acquisition strategy. As a minimum, product support management planning shall address: integrated supply chains segmented support by system or subsystems; maintaining a relationship with the warfighter based on system readiness; selection of best-value, long-term product support providers and integrators based on competition; measuring support performance based on high-level metrics such as mission capable (MC) rates; improved product affordability and system reliability; and a dedicated investment in technology refreshment.

The FY 2003-07 Defense Planning Guidance (FY03 DPG) requires that each Military Department submit a plan that identifies its implementation schedule for applying PBL to all new weapon systems and all Acquisition Category I and II fielded systems. Service PBL schedules should reflect an objective to aggressively pursue program implementation end dates tailored, program-by-program, to complete at the earliest feasible date. Service plans for PBL implementation should be prepared in accordance with Attachment 1 and submitted to this office by May 1, 2002.

Program-specific PBL implementation planning and progress, per your submitted schedule, will be reviewed and monitored by this office as developed. Guidance for development of PBL strategies and implementation of DoD 5000 Product Support Policy is currently available in our Product Support Guide, "Product Support – A Program Manager's Guide to Buying Performance", available on the Logistics Plans and Programs web site at http://www.acq.osd.mil/log/new_lpp/ps/prod_suprt.htm. Additional plan format guidance is provided as Attachment 2.

My focal point for this effort is Mr. Lou Kratz, ADUSD (Logistics Plans and Programs), at 703-614-6082 or via e-mail at Louis.Kratz@osd.mil.

E. C. Aldridge, Jr.

Attachments
As stated

cc:
Deputy Chief of Staff, Army (Logistics)
Deputy Chief of Naval Operations (Fleet Readiness & Logistics)
Deputy Chief of Staff, Air Force (Installations & Logistics)
Deputy Chief of Staff, Marine Corps (Installations & Logistics)
Director for Logistics, J4
Director, Defense Logistics Agency

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
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8 JUL 2002

SAAL-ZL

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION TECHNOLOGY AND LOGISTICS)

SUBJECT: Performance-Based Logistics (PBL)

In accordance with your letter dated February 13, 2002, I have directed Army Program Executive Officers (PEOs) and Program Managers (PMs) to evaluate all Acquisition Category I and II (ACAT I and II) programs to assess potential for PBL application. Performance-Based Logistics for ACAT III systems will be left to the discretion of the acquisition managers until we can assess PBL on the other systems.

Implementation of PBL for each Army acquisition program must be operationally feasible and be able to provide an appropriate return on investment (ROI) or PBL will not be pursued.

Additionally, I recommend the Under Secretary of Defense (USD (AT&L)) establish and provide more training on such things as, Business Case Analysis (BCA), and Performance-Based Agreements (PBA) at the Defense Acquisition University (DAU).

Enclosed is the Army's PBL Implementation Schedule, in the format specified in your memorandum of February 13, 2002.

The points of contact for this action are Mr. Larry Hill, SAAL-ZL, DSN 223-0028/29/30, commercial (703) 693-0028/29/30, or e-mail larry.hill@hqda.army.mil, and Mr. Roger Hamerlinck, SAAL-ZL, DSN 223-0028/29/30, commercial (703) 693-0028/29/30, or e-mail roger.hamerlinck@hqda.army.mil.

Claude M. Bolton, Jr.
Assistant Secretary of the Army
(Acquisition, Logistics and Technology)

Enclosure

CF:
DUSD (L&MR)

CF: (CONT)
PROGRAM EXECUTIVE OFFICERS
AIR AND MISSILE DEFENSE
AMMUNITION
AVIATION
COMMAND, CONTROL AND COMMUNICATINS (TACTICAL)
CHEMICAL AND BIOLOGICAL DEFENSE
COMBAT SUPPORT AND COMBAT SERVICE SUPPORT
GROUND COMBAT SYSTEMS
ENTERPRISE INFORMATION SYSTEMS
INTELLIGENCE AND ELECTRONIC WARFARE AND SENSORS
TACTICAL MISSILES
SOLDIER
INFORMATION SYSTEM
PROGRAM MANAGERS
CHEMICAL DEMILITARIZATION
JOINT SIMULATION SYSTEM

COMMANDERS
U.S. ARMY EUROPE
U.S. ARMY FORCES COMMAND
U.S. ARMY MATERIEL COMMAND, (AMCRDA, AMCLG)
U.S. ARMY TRAINING AND DOCTRINE COMMAND
EIGHTH U.S. ARMY
U.S. ARMY CORPS OF ENGINEERS
U.S. ARMY MEDICAL COMMAND
U.S. ARMY PACIFIC COMMAND
U.S. ARMY SPACE AND MISSILE DEFENSE COMMAND
U.S. ARMY SPECIAL OPERATIONS COMMAND
MILITARY TRAFFIC MANAGEMENT COMMAND
U.S. ARMY SOUTH
U.S. ARMY INTELLIGENCE AND SECURITY COMMAND
U.S. ARMY CRIMINAL INVESTIGATION COMMAND
U.S. ARMY COMMUNICATIONS-ELECTRONICS COMMAND
U.S. ARMY TANK-AUTOMOTIVE AND ARMAMENTS COMMAND
U.S. ARMY AVIATION AND MISSILE COMMAND
U.S. ARMY SIMULATION, TRAINING AND INSTRUMENTATION COMMAND
VICE CHIEF OF STAFF, ARMY
ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY), ATTN: SAAL-ZR, SAAL-ZT, SAAL-ZP, SAAL-ZM, SAAL-ZN, SAAL-ZS, SAAL-ZAC

CF: (CONT)
CHIEF OF LEGISLATIVE LIAISON
DIRECTOR OF THE ARMY STAFF
DEPUTY UNDER SECRETARY OF THE ARMY (OPERATIONS RESEARCH)
DEPUTY CHIEF OF STAFF FOR PERSONNEL
DEPUTY CHIEF OF STAFF FOR INTELLIGENCE
DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
DEPUTY CHIEF OF STAFF FOR LOGISTICS
DIRECTOR OF INFORMATION SYSTEMS FOR COMMAND, CONTROL, COMMUNICATIONS, AND COMPUTERS
DEPUTY CHIEF OF STAFF FOR PROGRAMS
CHIEF, ARMY NATIONAL GUARD
CHIEF, ARMY RESERVE

Army Performance-Based Logistics (PBL) Implementation Schedule

1.0 Service-level implementing activities – (Provide a comprehensive list and discussion of all Service-level activities and initiatives facilitating the implementation of PBL. Topics included, at minimum, are listed below.)

In-accordance-with the FY98 National Defense Authorization Act (NDAA), Section 912c, the Army identified 10 weapon systems as pilot programs to test innovative and creative product support reengineering initiatives. Today, those systems are in various stages of incorporating their initiatives, which include PBL principles.

In 1999, the Army began it's Reduction in Total Ownership Cost (R-TOC) program, which included the development of Performance Plans and Agreements (PPA), an early version of a Performance-Based Agreement (PBA) for the Recapitalization Program. The Army identified 17 systems to use as pilot programs for recapitalization. The PPAs outline high-level performance measures to determine if an acceptable level of performance is being met. The PPA is signed by, and constitutes an agreement between, all stakeholders in the recap process.

- On April 1, 2002, The Honorable, Claude M. Bolton, Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASA(ALT)), signed the Army's PBL implementation letter. This letter required all acquisition managers of all ACAT I and II programs to assess their programs for implementation of PBL and submit their recommendations to the ASA(ALT). The results of this tasking are summarized in the paragraphs, which follow.

  The Army is currently in development of a PBL Implementation Guide which is expected to be available for Army-wide use in June 2002.

1.1.1 Goal/Objectives – (Provide the Service goals and objectives for the implementation of PBL on weapon systems.)

Through the application of PBL, we hope to accomplish the following:

- To provide warfighters increased operational readiness
- To enhance the logistics response times
- To enhance deployment
- To reduce the logistics footprint
- To reduce logistics costs

1.1.2 Strategy/Approach – (Describe the Service strategy and approach for meeting the goals/objectives for PBL implementation. Include specific corporate initiatives, which support PBL. These might include policy, procedures, training and education, organizational realignments, technology, legislative initiatives, or financial mechanisms, which facilitate PBL implementation.)

The following outline the Army's strategy/approach to implementation of PBL:

- We will implement PBL on all ACAT I/II systems, and/or sub-systems, where PBL is proven to be economically and operationally feasible.
  PBL will be applied to ACAT III programs at the discretion of the acquisition manager, with HQDA approval.
  PBL must be tailored to individual system/component needs.
  The decision to implement PBL will be based on a Business Case Analysis (BCA)
- The BCA will be validated by the US Army Cost and Economic Analysis Center (CEAC)
  Performance Based Agreements (PBAs) will be approved at the Headquarters Department of the Army level.

1.1.3 **Decision Criteria** – (Provide the decision criteria used to conduct the business case analysis for legacy systems. Program PBL Plans should be tailored appropriately applying good business sense. Describe the process(es) used to determine weapon system product support strategy and variations or accommodations for different systems. In summary, define how a weapon system support strategy is selected and who is responsible.)

For all other equipment, the decision to implement PBL will be based on the following:

- The Acquisition Category (ACAT) – All ACAT I and II are required to evaluate their programs based on the following decision criteria. Those ACAT III programs may choose to evaluate PBL implementation at their discretion.
- The Commodity – The complexity and level of support for the various commodities that the Army supports differ greatly. This area will deal with those commodity specific elements in assessing the appropriateness of PBL.
- Service Life – Life Cycle Phase – For the purposes of PBL implementation, the Army has determined that a system with a short service life (as determined by the commodity) may not receive sufficient Return on Investment (ROI) as compared to a system with 20-30 years service life remaining. Other considerations in this area include looking at where in the life cycle is the most opportune time to reap the greatest dividends from PBL implementation.
- Operational Requirements – In some cases, the systems' operational requirements document (ORD) may include provisions that do not lend themselves to PBL application. Therefore, the ORD requirements are to be evaluated individually for impacts related to performance-based language.

- Statutory Provisions – These are such limitations as the depot core analysis and 50/50 statutes.
  Regulatory Provisions – These considerations include such things as:
  - Use of STAMIS systems
  - Following Contractor on the Battlefield Policies
  - Maintaining Total Asset Visibility
  - Use of Standard Distribution Hubs
  - Creating a Seamless/Transparent Logistics System

  Linkage to Higher-Level Strategic Plans and Performance Measures – In this category are such considerations as the requirements of the DoD and Army Strategic Logistics Plans, among others, that identify high-level performance measures for the DoD logistics system, i.e., Customer Wait Time (CWT), Total Asset Visibility (TAV), Operational Availability (Ao), Mission Capable Rates, etc..

1.1.4 Enablers and Barriers

1.1.4.1 **Enablers** – (Describe, from a Service perspective, enablers promoting implementation of PBL support strategies)

Logistics Management Information (LMI)
Automated Identification Technology (AIT)
Use of Contracted Integrated Technical Information System (CITIS)

- Long Term Contracts
- Embedded Diagnostics/Prognostics
- Integrated Digital Environment (IDE)
- Temporary Waiver of Contractor on the Battlefield
- Performance-Based Agreements (PBA) Policy
- Joint Computer-Aided Acquisition and Logistics System (JCALS)
- Joint Engineering Data Management Information Control System (JEDMICS)
  Global Combat Support System – Army (GCSS-A)

1.1.4.2 **Barriers** - (Describe, from a Service perspective, barriers to PBL implementation)

Funding
  - Capturing needed data – cost accounting system
  - TLCSM funding distribution – Quarterly funding –vs- "lump sum"
  - PBL = "must pay" – reduces cdrs flexibility – regardless of priority
  - Taxing of appropriated dollars – instability of funding
  - AWCF rules

- Performance Specifications
  - Data Collection and Evaluation (Resource Intensive)
  - Increases reliance on contractors
  - To lowest level is difficult, time consuming, and expensive

- Make provisioning and spares procurement difficult
- Organic Logistics System
  - Not designed for performance specifications
  - No procedures for incentivizing and penalizing Government organizations

Instability of Design
Statutory Limitations, e.g., 50/50, depot core analysis, etc.
A-76 Study requirements
Contract Types

1.1.5 **Resources** – (This section will present resources required to implement PBL consistent with the Service's FY04 (or FY05 planned) POM submission. This section will include a summary of investments required for PBL implementation and expected efficiencies, if any.)

To date, the Army has identified an unfunded requirement for $4.1M to perform the BCAs. An estimate of the implementation costs will not be available until after the BCAs have been completed.

2.0 Service PBL Plans, Guidance, and Initiatives – (Describe any planned, existing, or in-development guidance to Program Managers regarding the implementation of PBL. Each Service, in concert with overarching DoD 5000-series directives and OSD guidance, should develop and disseminate appropriate implementing guidance and instruction applicable to their suite of weapon system programs.)

The Army is planning the following actions to further implement PBL:

Incorporate PBL policy into the Army Acquisition and Logistics policies as they are updated.

- Complete and distribute the PBL Implementation Guidebook.
- Conduct a workshop with Government/Industry to validate the guidebook.
- Conduct a series of "Roadshows" at each of the Army PEO/PM locations, MACOMs, and AMC MSCs.
- Develop a Video or Web-based lecture on PBL
- Send Army personnel to available DAU training on PBL

3.0 Implementation Schedule – (This section provides the Service PBL implementation schedule by weapon system. In table format, present top-level PBL implementation schedules for all weapon system programs meeting the DPG criteria. For each system, indicate the implementation start date and end date (fully implemented).)

Attachment 1 identifies those Systems/Components for which PBL principles have already been applied.

Attachment 2 identifies the schedule for those Army Systems/Components that are believed to be potential candidates for implementation of PBL. This schedule shows the dates by which a Business Case Analysis (BCA) will be completed and at which point a determination can be made whether to actually implement PBL.

4.0 Exceptions to PBL Implementation – (In table format, identify programs that will not transition to PBL with a brief summary statement of the conclusions which support his decision.)

Attachment 3 identifies those systems/components for which the Army does not plan to pursue implementation of PBL. The reason(s) for not implementing PBL on these systems centers around the barriers to PBL and the Army decision criteria that has been established.

The Army intends to exempt the following from implementing PBL:

- Expendable or consumable items
- Industrial plant equipment

SYSTEMS FOR WHICH PERFORMANCE-BASED LOGISTICS TENETS HAVE BEEN APPLIED

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	DESCRIPTION OF PBL STRATEGY	PERFORMANCE PARAMETERS	FORMULA FOR PARAMETERS	ENABLERS	BARRIERS	
STRICOM	II	CLOSE COMBAT TACTICAL TRAINERS	CCTT	A regional life cycle contractor support (LCCS) contract for virtual training (VT)	* Minimum 90% Contractor Performance Factor (CPF) * Non-Chargeable Down Time (NCDT) * Turn-Around-Time (TAT) * Response Times * 24/7 toll-free number * Balkans - 10/7	CPF = CMT - DT / CMT * 100			
PEOAVN	II	KIOWA WARRIOR, Model 250-C30R/3 Engines	OH-58D		* 90% Mean Time to Repair Days (MTRD) of 30 days * 99% MTRD of 60 days * Maintain average fill rate of 15 days * Surge capacity to support 112 operating hours/month * Stock availability of 90% (AMC Goal is 85%) - Incentive and penalties included				
	II	Sentinel		* Contractor Delivery System (CDS) provides a cost-effective approach to Life Cycle support by contracting for system readiness * provides single system integrator * not highly invested in AWCF * OMA funded using Op Tempo and Depot Maint from owning units * partnerships * performance agreements with warfighters * performance agreements with organic and commercial providers * free issue parts to units * interfacing with ULLS and SARSS * 800 phone 24/7 * incentives and penalties tied to unit readiness * 10% reduction in O&S costs * includes Total Asset Visibility			Long-term contracts	* Existing financial system and distribution * Need BAG 1, 2 funding * Need funds in lump sum not quarterly	
PEOTM	I	Javelin		* Integrated product support provider * PBA with warfighters * PBA with organic and commercial providers * partnering * incentives and penalties		Customer Wait Time = TAT			
PEOTM								* Instability of Design * Performance specs to lowest level difficult, time consuming, and expensive * Performance specs make provisioning and spares procurement difficult * Performance specs increases reliance on contractor support * Organic log system not designed for performance specs	
	I		RAH-66	* Performance agreements with warfighters * Performance agreements with commercial and organic providers * Integrated product support provider * Performance-Based metrics * incentives and sanctions * partnering	* OR rate of 78% (Threshold) 90% (Objective) * Outcomes in performance and cost * Customer Wait Time (CWT) * Turn-Around-Time (TAT) *	* OR = Total Time - down time / total time * CWT: ALDT = 3.4 hours; TAT = 24 hours CONUS (AOG)	* OSD Support * DA support	* 50/50 legislation * Core logistics decision may increase costs * incentivizing or penalizing Government agencies * existing financial system and distribution * AWCF rules	
PEOAVN		UH-60M Utility Helicopter	Blackhawk	* Use an evolutionary strategy in implementing PBL * partnering * Product support integrator co-leads *	* Availability * TAT			* A-76 study * Existing financial system and distribution * OMA and AWCF rules * PM needs funding authority to match responsibility * PBL becomes a "must-pay" bill impacting other systems	2 1/2 man-years

SYSTEMS FOR WHICH PERFORMANCE-BASED LOGISTICS TENETS HAVE BEEN APPLIED

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	DESCRIPTION OF PBL STRATEGY	PERFORMANCE PARAMETERS	FORMULA FOR PARAMETERS	ENABLERS	BARRIERS	
PEOAVN		Apache AH-64D - Unique spares/repairs and the Fire Control Radar/Radio Frequency Interferometer (FCR/RFI)	Apache	* Using Interim Contractor Logistics Support * provides unique wholesale supply support and repairable turn-in	* NMCS and other emergency requisitions 24/7 * NMCS requisitions to be filled not later than 24 hours after receipt (CONUS) 48 hours (OCONUS) * TAT shall not exceed 45 days and a maximum TAT shall not exceed 90 days. * 95% of high priority requisitions will be filled within 24 hours (CONUS) and 48 hours (OCONUS)				* AH-64D OR not markedly different from organically supported rates * contractors are exceeding contract performance requirements *
PEOGCS		Abrams Integrated Management (AIM) M1A1 Tanks		* Under the Army Recapitalization program * Partnership (Team Armor Partnership) * Track sub-system performance	* Mean Time Between Replacement (MTBR) * Operational Readiness 90% * Cost per mile			* FUNDING - Budget Cycle - PM's Charter vs Dollars * CONTRACTS - Contract Types - Technical Support Contracts - Contractor Risk * Data Collection and Evaluation	
PEOGCS	I	M1A2 SEP Tanks		* Under the Army Recapitalization program * Partnership (Team Armor Partnership) * Track sub-system performance	* Mean Time Between Replacement (MTBR) * Operational Readiness 90% * Cost per mile			* FUNDING - Budget Cycle - PM's Charter vs Dollars * CONTRACTS - Contract Types - Technical Support Contracts - Contractor Risk * Data Collection and Evaluation	
PEOGCS		Abrams AGT1500 Overhaul Program		* Under the Army Recapitalization program * Partnership (Team Armor Partnership) * Track sub-system performance	* Mean Time Between Replacement (MTBR)			* FUNDING - Budget Cycle - PM's Charter vs Dollars * CONTRACTS - Contract Types - Technical Support Contracts - Contractor Risk * Data Collection and Evaluation	
PEOGCS		Abrams LV100 Development Program		* Under the Army Recapitalization program * Partnership (Team Armor Partnership) * Track sub-system performance	* Mean Time Between Replacement (MTBR)			* FUNDING - Budget Cycle - PM's Charter vs Dollars * CONTRACTS - Contract Types - Technical Support Contracts - Contractor Risk * Data Collection and Evaluation	
PEOGCS		Abrams Redesigned Turret and Hull Networks Boxes (RxNBs)		* Under the Army Recapitalization program * Partnership (Team Armor Partnership) * Track sub-system performance	* Mean Time Between Replacement (MTBR)			* FUNDING - Budget Cycle - PM's Charter vs Dollars * CONTRACTS - Contract Types - Technical Support Contracts - Contractor Risk * Data Collection and Evaluation	
PEOC3T	I	Force XXI Battle Command Brigade and Below (FBCB2)		* Under Contractor Logistics Support (CLS) * Partnering	* Maximize use of embedded training * Enhance IETMs * 80% accuracy to single LRU * Repair TAT		* Power-on BIT should verify operational status "Go/No Go" 98% of the time * Power-on BIT identify comms failures 95% of the time * Temporary waiver to Contractor on the Battlefield Policy through Jan 04 * CLS depot repair would provide seamless support to field * CLS depot would reduce ASL balances * Depot Repair TAT	* Lack of funding and schedule delays * Competition requirement * contract language at no cost increase to government	

SYSTEMS FOR WHICH PERFORMANCE-BASED LOGISTICS TENETS HAVE BEEN APPLIED

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	DESCRIPTION OF PBL STRATEGY	PERFORMANCE PARAMETERS	FORMULA FOR PARAMETERS	ENABLERS	BARRIERS	
PEOC3T		Enhanced position Location Reporting System	EPLRS	* Life cycle contractor logistics support repair and return program * Organic support at unit * CLS depot level repair and return at prime contractor's depot			* Memorandum of Agreement (MOA) with warfighter * Repair and return program = "turn-key" operation	* Funding allocation constraints * MOA not signed by all warfighters * Contract type (Time & Materials) doesn't provide ncentives/penalties	
PEOCS/CSS		Palletized Load System (PLS)		* Partnerships * Just signed 5 year Prime Vendor contract with OshKosh	* Reduce time in maintenance * improve accuracy of ordering repair components * reduce operational costs * Improved fuel mileage * Reduced emissions				

PERFORMANCE-BASED LOGISTICS (PBL)
POTENTIAL CANDIDATES SCHEDULE

PEO/PM	SHORT NAME	RESOURCES REQUIRED	FY2002	FY2003	FY2004	FY2005	FY2006
STRICOM	WARSIM	No Added Funds Reqd					
PEOAMD	MEADS	No Added Funds Reqd					
PEOAMD	JLENS	No Added Funds Reqd				1Q05	
PEOTM	LOSAT	No Added Funds Reqd			1Q04-2Q04		
PEOTM	APKWS	$225K		2Q03	2Q04		
PEOTM	HELLFIRE II and Longbow HELLFIRE	$338K		2Q03	2Q04		
PEOTM	GMLRS	$175K	4Q02	2Q03			
PEOTM	HIMARS	No Added Funds Reqd	1Q02	1Q03			
PEOTM	M270 MLRS	$275K	3Q02	3Q03			
	M270A1 MLRS	$350K	4Q02	4Q03			
PEOTM	ATACMS	$225K		1Q03-3Q03			
PEOAVN	APACHE M-TADS/PNVS	No Added Funds Reqd	3Q02				
PEOAVN	TUAV	Resources are Already Programmed	3Q02				
PEOAVN	CH-47 RECAP	$350K					
PEOAVN	UH-60M Blades/Display	$150K + $20.65M to implement using TRM/OMA/??					
PEOAVN	Comanche RAH-66	No Added Funds Reqd					
PEOGCS	FCS	No Added Funds Reqd					
PEOGCS	ABRAMS DSETS	$250K + $4.6M every yr after (This is the amount of TRM money that would be necessary to fund the contract)			FY04	FY05	
PEOGCS	ABRAMS CEEP LRU'S	$250K			FY04	FY05	
PEOGCS	BRADLEY	$285K		FY03-FY03			

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Attachment 2

PERFORMANCE-BASED LOGISTICS (PBL)
POTENTIAL CANDIDATES SCHEDULE

PEOGCS	CRUSADER	No Added Funds Reqd		1Q03			
PEOGCS	IAV	No Added Funds Reqd	4Q02		1Q04		
PEOGCS	LW 155 Howitzer	Resources Not Currently Identified					
PEOC3T	A2C2S	Subject to Availability of Funds	4Q02			4Q05	
PEOC3T	WIN-T	No Added Funds Reqd				FY05	
PEOC3T	JTRS	No Added Funds Reqd	Complete				
PEOIEWS	CGS AN/TSQ-179	No Added Funds Reqd		1Q03		1Q05	
PEOIEWS	ATIRCOM/CMWS	No Added Funds Reqd					
PEOIEWS	SGF-HTI	No Added Funds Reqd				FY05	FY06
PEOIEWS	BCIS	Program Terminated					
PEOIEWS	FIREFINDER	No Added Funds Reqd	2Q02			2Q05	
PEOSOLDIE	OICW	$900K + $775K to implement using TRM/OMA/??		1Q03	4Q04		
PEOSOLDIE	LAND WARRIOR	$180K		1Q03	1Q04		
PEOEIS	AHRS						
	DCATS						
PEOEIS	GCSS-A/T						
PEOEIS							
	JBPDS	$100K			1Q04-4Q04		

PERFORMANCE-BASED LOGISTICS (PBL)
POTENTIAL CANDIDATES SCHEDULE

FY2007	FY2008
	4Q08
	3Q09-1Q11

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Attachment 2

PERFORMANCE-BASED LOGISTICS (PBL)
POTENTIAL CANDIDATES SCHEDULE

	3Q08

POTENTIAL CANDIDATES FOR PERFORMANCE-BASED LOGISTICS (PBL) APPLICATION

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	EST BCA DATE	EST IMPL DATE	RESOURCES REQURIED
STRICOM	II	WARFIGHTER'S SIMULATION 2000	WARSIM			No Added Funds Reqd
PEOAMD	I	Medium Extended Air Defense System	MEADS			No Additional Funding Needed
PEOAMD	II	Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System	(JLENS)	1Q05	4Q08	No Additional Funding Needed
PEOTM	II	Line of Sight Anti Tank Weapon System	LOSAT	1Q04	2Q04	No Additional Funding Needed
PEOTM		Advanced Precision Kill Weapons Systems	APKWS	2Q03	2Q04	$225K
PEOTM	I	HELLFIRE II and Longbow HELLFIRE Missiles	HELLFIRE	2Q03	2Q04	$338K
PEOTM	I	Guided Multiple Launch Rocket System	GMLRS	4Q02	2Q03	$175K
PEOTM	II	High Mobility Artillery Rocket System	HIMARS	1Q02	1Q03	No Additional Funding Needed
PEOTM	I	M270 Multiple Launch Rocket System	M270	3Q02	3Q03	$275K
PEOTM	I	M270A1 Multiple Launch Rocket System	M270A1	4Q02	4Q03	$350K
PEOTM		Tactical Missile System (TACMS) and Quick Reaction Unitary Missile		1Q03	3Q03	$225K
PEOAVN		Apache Modernized-Target Acquisition Designation System/Pilot Night Vision System (M-TADS/PNVS)	M-TADS/PNVS	3Q02		No additional funding needed
PEOAVN	II	Extended Range/Multipurpose (ER/MP) (Hunter) and Tactical Unmannnned Aerial Vehicle (TUAV) (Shadow 200)	TUAV	3Q02	3Q02	Resources already programmed
PEOAVN		Cargo Helicopters (CH-47) RECAP	CH-47			$350K
PEOAVN		UH-60M Wide Chord Blades and Multi-Functional Display	Blackhawk		months after approval	$150K + $20.65M to implement using TRM/OMA/??
PEOAVN	I	Commanche RAH-66	RAH-66	3Q09	1Q11	No Additional Funding Needed

If maintenance free - what is performance for?

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Attachment 2

POTENTIAL CANDIDATES FOR PERFORMANCE-BASED LOGISTICS (PBL) APPLICATION

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	EST BCA DATE	EST IMPL DATE	RESOURCES REQURIED
PEOGCS		Future Combat System	FCS			
PEOGCS		Abrams Direct Support Electrical System Test Set (DSETSTS) Maintenance		FY04	FY05	$250K + $4.6M every yr after (This is the TRM money needed to pay for the contract)
PEOGCS		Abrams Continuous Electronics Enhancement Program (CEEP) Line Replaceable Units (LRUs)		FY04	FY05	$250K
PEOGCS		Bradley System and Variants		FY03	FY03	$285K
PEOGCS	I	Crusader	Crusader	1Q03	3Q08	No Additional Funding Needed
PEOGCS	I	Interim Armored Vehicle	IAV	4Q02	1Q04	No Additional Funding Needed
PEOGCS		Joint lightweight 155MM Howitzer				Resources not currently identified
PEOC3T	III	Army Airborne Command and Control System (A2C2S)		4Q02	4Q05	Subject to availability of funds
PEOC3T		WIN-T	WIN-T	FY05		No Additional Funding Needed
PEOC3T	I	Joint Tactical Radio System	JTRS		Complete	None Required
PEOIEWS	I	Common Ground Station	AN/TSQ-179	1Q03	1Q05	No Added Funds Reqd
PEOIEWS	IC	ATIRCM/CMWS	ATIRCM/CMWS			Funding Pulled
PEOIEWS	II	Horizontal Technology Integration (HTI) of a Second Generation FLIR (SGF)		2005	2006	No Added Funds Reqd
PEOIEWS	II	Battlefield Combat Identification System	BCIS			Program Terminated
PEOIEWS	II	Firefinder TPQ-47	Q-47	Now	2005	No Added Funds Reqd

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Attachment 2

POTENTIAL CANDIDATES FOR PERFORMANCE-BASED LOGISTICS (PBL) APPLICATION

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	EST BCA DATE	EST IMPL DATE	RESOURCES REQURIED
PEOSOLDIER	II	Refle-Launcher Grenade Weapon System	OICW	1Q03	4Q04	$900K + $775K to implement using TRM/OMA/???
PEOSOLDIER	II	Land Warrior Block II	LW	1Q03	1Q04	$180K
PEOEIS		Army Human Resources System	AHRS			
PEOEIS		Defense Communications and Army Transmission Systems	DCATS			
PEOEIS	IAC	Global Combat Service Support - Army/Tactical	GCSS-A/T			
PEOEIS	I	Joint Computer-Aided Acquisition Logistics System	JCALS			
PEOEIS	I	The Army Distance Learning Program	TADLP			
PEOCBD	II	Joint Biological Point Detection System	JPBDS	1Q04	4Q04	$100K

BCA $s account for 3 manyears for each of two years to conduct the study

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Attachment 2

SYSTEMS NOT CONSIDERED FOR POTENTIAL APPLICATION OF PERFORMANCE-BASED LOGISTICS (PBL)

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	RATIONALE FOR NOT IMPLEMENTING PBL
PEOAMD	I	Patriot/PAC-3		* Legacy to Objective System in field >20 yrs * Large Int'l base in multiple configurations * Extensive investment in existing support infrastructure * Readiness rates continue to meet/exceed DA goals * Some PBL-like measures already in place
PEOAMD		Avenger		* Legacy System * Large Int'l base in multiple configurations * Readiness rates continue to meet/exceed DA goals
PEOAMD		Stinger		* Legacy System * Large Int'l base in multiple configurations * Readiness rates continue to meet/exceed DA goals
PEOAMD		Joint Tactical Ground Station/Multi-Mission Mobile Processor	JTAGS/M3P	* Legacy to Objective System * Readiness rates continue to meet/exceed DA goals * CLS already implemented - Add'l savings not likely
PEOTM		Basic and Interim Laser HELLFIRE Missiles		* No longer an ACAT system * 47.5% of inventory suspended - no plan to retrofit * no plans for technology insertion * Out of production
PEOAVN	II	Kiowa Warrior OH-58D	OH-58D	* Legacy system - retiring beginning 2009 * Has a higher MC rate than DA standard * Lowest cost per flying hour already * Program already incorporates PBL tenets

Under Strategy - Patriot should be exempt -- Middle next page * PBL was applied -- Last para * PBL will be considered

SYSTEMS NOT CONSIDERED FOR POTENTIAL APPLICATION OF PERFORMANCE-BASED LOGISTICS (PBL)

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	RATIONALE FOR NOT IMPLEMENTING PBL
PEOAVN	I	APACHE AH-64A/D	Apache	* System to be retired beginning FY16 and ending FY25 * Attempted to implement Prime Vendor Suport (PVS) - failed * Need a clearly articulated set of requirements - same for both the government and contractor * Conflicting legal guidance over inventory ownership * The A-76 study proces was burdensome * Received reluctance from the AMC MSCs * Government cost collection system did not capture all costs * the MACOM resource managers reluctant to give up loss of control (funding/ownership) * Congressional interest was an interruption * Programs such as PBL should start an the beginning of a fiscal year * Decapitalization of stockage * Business case did not support PVS under current AWCF rules
PEOGCS		Unmanned Ground Vehicle		* Low Density * Low potential usage
PEOGCS		Paladin		* Failure of Fleet Management * Funding issues * decapitalization of stockage * A-76 study issues * Not large enough business base to generate savings, make a profit, and do what was needed at an affordable price.
PEOC3T	II	Forward Area Air Defense Command and Control	FAAD C2	* Low potential for Return on Investment (ROI) * Already achieving 100% ORR
PEOC3T		Tactical Operation Centers (TOCs)		* Not an ACAT I or II program * An MWO to the SICPS shelter
PEOC3T		Standard integrated Command Post Systems	SICPS	* Not an ACAT I or II program
PEOC3T	II	Advanced Field Artillery Tactical Data System	AFTADS	* Software Intensive Program * Spiral Development programs * Already a part of the RTOC effort * Contract is Cost Plus Award Fee (CPAF)
PEOC3T	II	All Source Analysis System	ASAS	* Software Intensive Program * Spiral Development programs * Already a part of the RTOC effort * Contract is Cost Plus Award Fee (CPAF)

* Financial reform of the AWCF is essential

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SYSTEMS NOT CONSIDERED FOR POTENTIAL APPLICATION OF PERFORMANCE-BASED LOGISTICS (PBL)

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	RATIONALE FOR NOT IMPLEMENTING PBL
PEOC3T		Integrated Meteorological System	IMETS	* Software Intensive Program * Spiral Development programs * Already a part of the RTOC effort * Contract is Cost Plus Award Fee (CPAF)
PEOC3T	II		CSSCS	* Logistics determined by Common Hardware System (CHS)
PEOC3T	I		GCCS-A	* Logistics determined by Common Hardware System (CHS)
PEOC3T		MCS	MCS	
PEOC3T	II	Common Hardware System	CHS-2 and CHS-3	* COTS/Enhanced NDI * Components are part of user systems * Support contractors or organic assets provide life cycle sustainment beyond the warranty and out of warranty repair
PEOC3T		Multifunctional Information Distribution System (MIDS)		* Organic maintenance
PEOC3T	II	Single Channel Ground & Airborne Radio System	SINCGARS	* In Post Production Phase * Design Stable * Funding is not available for system enhancements
PEOC3T	I		SMART-T	* In Full Rate Production * Deliveries complete in FY03 * PBL implementation would require extensive modifications to the contract * Changes now would not be cost effective and would not result in appreciable improvements in Mission Capability
PEOIEWS		SGF HTI		B Kit used on numerous platforms
PEOIEWS		BCIS	BCIS	Program Terminated
PEOSOLDIER		Land Warrior Block I		Immature Design
PEOCD	I	Chemical Demilitarization Program		* Industrial scale facilities to destroy chemical warfare materials
PEOAMMO	II	Advanced Hornet Munition System		* Class V expendable munition * No routine maintenance planned * A warranty will exist and a three working day TAT is built into that * Standard CLS chosen as a support vehicle over PBL
PEOAMMO		Raptor, Intelligent Combat Outpost		* Immature design concept
PEOAMMO	II	M829E3		* Class V expendable munition * No routine maintenance planned
PEOAMMO		XM982 Excalibur Program		* Class V expendable munition * No routine maintenance planned

SYSTEMS NOT CONSIDERED FOR POTENTIAL APPLICATION OF PERFORMANCE-BASED LOGISTICS (PBL)

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	RATIONALE FOR NOT IMPLEMENTING PBL
PEOCS/CSS		Improved Recovery Vehicle - Hercules	M882A2	* Low density * Size of the business base * Upgrade program - support structure well emplaced * The life cycle phase
PEOCS/CSS	I	Family of Medium Tactical Vehicles		* Already performing PBL actions * Need additional specific guidance
PEOEIS		Civilian Personnel Regionalization	CPR	* Uses COTS * Supported by STAMIS Computer Exchange hardware * Existing Readiness exceeds DA Standard of 90% * Purchased using IDIQ contracts * Cost prohibitive to change existing contracts * CPR in later stages of life-cycle
PEOEIS		Department of the Army Movements Management System Redesigned	DAMMS-R	* Uses COTS * Supported by STAMIS Computer Exchange hardware * Existing Readiness exceeds DA Standard of 90% * Purchased using IDIQ contracts * Cost prohibitive to change existing contracts * DAMMS-R being replaced by TC-AIMS II
PEOEIS	I	Defense Message System - Army	DMS-A	* Uses COTS * Supported by STAMIS Computer Exchange hardware * Existing Readiness exceeds DA Standard of 90% * Purchased using IDIQ contracts * Cost prohibitive to change existing contracts
PEOEIS	I	Medical Communications for Combat Casualty Care/Theater Medical Information Program - Army	MC4/TMIP-A	* Uses COTS * Supported by STAMIS Computer Exchange hardware * Existing Readiness exceeds DA Standard of 90% * Purchased using IDIQ contracts * Cost prohibitive to change existing contracts * TMIP software developed by Joint PM * Joint ORD and readiness rqmts * PM-MC4 has no control over metrics or acquisition strategy
PEOEIS	I	Standard Installation/Division Personnel System - 3	SIDPERS-3	* Uses COTS * Supported by STAMIS Computer Exchange hardware * Existing Readiness exceeds DA Standard of 90% * Purchased using IDIQ contracts * Cost prohibitive to change existing contracts * SIDPERS-3 is being replaced by AHRS

SYSTEMS NOT CONSIDERED FOR POTENTIAL APPLICATION OF PERFORMANCE-BASED LOGISTICS (PBL)

PEO/PM	ACAT	NOMENCLATURE	SHORT NAME	RATIONALE FOR NOT IMPLEMENTING PBL
PEOEIS	II	Transportation Coordinator's Automated Information for Movement System II	TC-AIMS-II	* Uses COTS * Supported by STAMIS Computer Exchange hardware * Existing Readiness exceeds DA Standard of 90% * Purchased using IDIQ contracts * Cost prohibitive to change existing contracts
PEOCBD	II	Joint Vaccine Acquisition Program	JVAP	* Multiple and independent vaccine development and production programs * Consumable - one-time use, fully consumed upon injection * Shelf life items * Vaccines are only administered by appropriately trained medical personnel